

## Funding Formula for USHE Capital Development

### Executive Summary

Sen. Steve Urquhart requested that the Utah System of Higher Education (USHE) explore for his further consideration an alternative method for capital development funding based on a formula rather than prioritization in the political process. The formula-based approach would allocate funding based on:

- Current institutional enrollment
- Projected enrollment growth
- Degrees awarded
- State funded operating budget
- Square footage of facilities

A model was developed using these five funding factors and data from the most recent USHE Data Book (2015). Each category in the formula allocates 100 points between the eight USHE institutions. Over the last twenty years (1996 to 2015) the Legislature annually appropriated an average of \$82 million, adjusted for inflation, to USHE for new facilities. The table below shows how a \$82 million appropriation would be divided among the eight USHE institutions based on this formula. The last row in the table shows the amount of historical funding for each institution adjusted for inflation for comparison.

Funding Point Categories	UofU	USU	WSU	SUU	Snow	Dixie	UVU	SLCC
Enrollment (FTE)	25.35	17.20	12.42	5.23	2.76	5.14	16.88	15.02
Enrollment Growth	11.80	16.25	15.69	5.43	6.45	4.17	27.99	12.21
Degrees Awarded	27.35	18.74	14.13	5.26	2.18	4.41	16.20	11.74
State Funded Budget	33.33	22.64	10.73	5.07	3.14	4.01	10.90	10.19
Square Feet	26.89	21.00	10.98	4.71	5.64	4.97	12.76	13.04
Funding Points	124.72	95.83	63.94	25.70	20.16	22.70	84.74	62.20
<b>\$82m Funding</b>	<b>\$ 20,450,000</b>	<b>\$ 15,720,000</b>	<b>\$ 10,490,000</b>	<b>\$ 4,220,000</b>	<b>\$ 3,310,000</b>	<b>\$ 3,720,000</b>	<b>\$ 13,900,000</b>	<b>\$ 10,200,000</b>
<b>20 Year Funding Average (Constant 2015 Dollars)</b>	<b>18,085,043</b>	<b>18,471,209</b>	<b>10,001,304</b>	<b>3,863,642</b>	<b>4,391,748</b>	<b>4,871,322</b>	<b>14,856,706</b>	<b>7,144,056</b>

The Bureau of Labor Statistics Producer Price Index (PPI) contains a specific measurement for changes in construction costs for new school buildings across the nation. Current 2015 PPI numbers suggest a 4 percent increase for 2015. Adjusting the \$82 million USHE historical appropriation for buildings by this estimated inflation rate would inflate the average funding to \$85 million in 2016 and \$88.5 million in 2017. The table below shows how the formula would allocate those funding levels to the eight USHE institutions.

Institution	UofU	USU	WSU	SUU	Snow	Dixie	UVU	SLCC
<b>\$85m Funding</b>	<b>\$ 21,200,000</b>	<b>\$ 16,290,000</b>	<b>\$ 10,870,000</b>	<b>\$ 4,370,000</b>	<b>\$ 3,430,000</b>	<b>\$ 3,860,000</b>	<b>\$ 14,400,000</b>	<b>\$ 10,570,000</b>
<b>\$88.5m Funding</b>	<b>\$ 22,080,000</b>	<b>\$ 16,960,000</b>	<b>\$ 11,320,000</b>	<b>\$ 4,550,000</b>	<b>\$ 3,570,000</b>	<b>\$ 4,020,000</b>	<b>\$ 15,000,000</b>	<b>\$ 11,010,000</b>